

CARROLL COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2020

Carroll County  
Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2
Management's Discussion and Analysis	3 - 3g
Basic Financial Statements:	
	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Position	A 4
Statement of Activities	B 6
Governmental Fund Financial Statements:	
Balance Sheet	C 7
Reconciliation of the Balance Sheet -	
Governmental Funds to the Statement of Net Position	D 9
Statement of Revenues, Expenditures and Changes in	
Fund Balances	E 10
Reconciliation of the Statement of Revenues, Expenditures,	
and Changes in Fund Balances - Governmental Funds to	
the Statement of Activities	F 12
Proprietary Fund Financial Statements:	
Statement of Net Position	G 13
Statement of Revenues, Expenses and Changes in Fund	
Net Position	H 14
Statement of Cash Flows	I 15
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position - Custodial Funds	J 16
Statement of Changes in Fiduciary Net Position - Custodial Funds	K 17
Notes to Financial Statements	18
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes	
in Balances - Budget and Actual (Cash Basis) - All Governmental Funds	46
Budgetary Comparison Schedule - Budget to GAAP Reconciliation	47
Notes to Required Supplementary Information - Budgetary Reporting	48
Schedule of the County's Proportionate Share of the Net Pension Liability	49
Schedule of County Contributions	50
Notes to Required Supplementary Information - Pension Liability	51
Supplementary Information:	
	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 52
Combining Schedule of Revenues, Expenditures and	
Changes in Fund Balances	2 53
Custodial Funds:	
Combining Schedule of Fiduciary Net Position	3 54
Combining Schedule of Changes in Fiduciary Net Position	4 56
Schedule of Revenues by Source and Expenditures by	
Function - All Governmental Funds	5 58
Independent Auditor's Report on Internal Control over Financial	
Reporting and on Compliance and Other Matters Based on an	
Audit of Financial Statements Performed in Accordance with	
<u>Government Auditing Standards</u>	59
Schedule of Findings and Responses	61

Carroll County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Neil Bock	Board of Supervisors	January, 2021
Dean Schettler	Board of Supervisors	January, 2023
Eugene Meiners	Board of Supervisors	January, 2021
Stephanie Hausman	Board of Supervisors	January, 2023
Richard Ruggles	Board of Supervisors	January, 2021
Kourtney Irlbeck	County Auditor	January, 2021
Jean Seidl	County Treasurer	January, 2023
Ashten Wittrock	County Recorder	January, 2023
Ken Pingrey	County Sheriff	January, 2021
John Werden	County Attorney	January, 2023
Cindy Heuton	County Assessor	January, 2022

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7TH STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

## INDEPENDENT AUDITOR'S REPORT

To the Officials of Carroll County

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Carroll County, Iowa as of and for the year ended June 30, 2020, and related notes to financial statements, which collectively comprise the County's basic financial statements listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Officials of Carroll County

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Carroll County as of June 30, 2020 and the respective changes in its financial position and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of a Matter**

As discussed in Note 16 to the financial statements, Carroll County adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability and the Schedule of County Contributions on pages 3 through 3h and on pages 46 through 51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carroll County, Iowa's basic financial statements. The financial statements for the nine years ended June 30, 2019 (which are not presented herein), were audited by other auditors, in accordance with the standards referred to in the third paragraph of this report, whose reports expressed unmodified opinions on those financial statements. The supplementary information included in Schedules 1 through 5, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

Gene Wild, Dan, Lynn & Co. P.C.  
Atlantic Iowa

- 2b -

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

Carroll County provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

### **2020 FINANCIAL HIGHLIGHTS**

- Revenues of the County's governmental activities decreased 1.2%, or approximately \$265,000, from fiscal year 2019 to fiscal year 2020. Capital grants and contributions decreased approximately \$2,905,000, operating grants and contributions increased approximately \$463,000, charges for service decreased approximately \$259,000 and property and other county tax increased approximately \$1,373,000.
- Governmental activities expenses decreased 12.9%, or approximately \$2,393,000, from fiscal year 2019 to fiscal year 2020. Roads and transportation expenses decreased approximately \$474,000, public safety and legal services expenses decreased approximately \$1,718,000 and mental health expenses increased approximately \$125,000.
- Governmental activities net position increased 10.9%, or approximately \$5,197,000, over the June 30, 2019 balance.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.

The Government-Wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Carroll County as a whole and present an overall view of the County's finances.

The Fund Financial Statements tell how governmental and business type activities services were financed in the short term as well as what remains for future spending. Fund financial statements report Carroll County's operations in more detail than the government-wide financial statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Carroll County acts solely as an agent or custodian for the benefit of those outside of County government (Custodial Funds).

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, and the County's proportionate share of the net pension liability and related contributions, as well as presenting the Schedule of Changes in the County's Total OPEB Liability, Related Ratios and Notes.

Supplementary Information provides detailed information about the nonmajor governmental and the individual Custodial Funds.

## **REPORTING THE COUNTY'S FINANCIAL ACTIVITIES**

### *Government-Wide Financial Statements*

One of the most important questions asked about the County's finances is "Is the County as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents financial information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal years.

The County's governmental and business type activities are presented in the Statement of Net Position and the Statement of Activities. Governmental activities include public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, interest on long-term debt and non-program activities. Property tax and state and federal grants finance most of these activities. The County's business type activities include the wastewater treatment system, which is financed primarily by user charges.



## *Fund Financial Statements*

The County has three kinds of funds:

- 1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These governmental funds include: (1) the General Fund, (2) The Special Revenue Funds, such as Mental Health, Rural Services, and Secondary Roads, (3) the Debt Service Fund, and (4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

- 2) Proprietary funds account for the County's Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds and the Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

- 3) Fiduciary funds are used to report assets held in a trust or custodial capacity for others which cannot be used to support the County's own programs. These fiduciary funds include Custodial Funds that account for drainage districts, emergency management services and the County Assessor, to name a few.

The required financial statements for fiduciary funds include a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Carroll County's combined net position increased from a year ago, from approximately \$47.7 million to approximately \$52.9 million. The analysis that follows focuses on the changes in net position.

Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities June 30,		Business Type Activities June 30,		Total Activities June 30,	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 30,062	\$ 19,597	\$ 37	\$ 31	\$ 30,099	\$ 19,628
Capital assets	48,517	41,409	799	825	49,316	42,234
Total assets	78,579	61,006	836	856	79,415	61,862
Deferred outflows of resources	1,172	1,399	--	--	1,172	1,399
Long-term liabilities	15,747	5,282	248	260	15,995	5,542
Other liabilities	1,000	740	2	2	1,002	742
Total liabilities	16,747	6,022	250	262	16,997	6,284
Deferred inflows of resources	10,121	8,697	--	--	10,121	8,697
Net position:						
Net investment in capital						
assets	36,123	41,409	551	565	36,674	41,974
Restricted	7,322	7,635	--	--	7,322	7,635
Unrestricted	9,438	( 1,358)	35	29	9,473	( 1,329)
Total net position	\$ 52,883	\$ 47,686	\$ 586	\$ 594	\$ 53,469	\$ 48,280

Net position of Carroll County's governmental activities increased 10.9% (from approximately \$47.7 million to approximately \$52.9 million). The largest portion of the County's net position is invested in capital assets (e.g., land, infrastructure, buildings and equipment), less related debt. This net position category decreased approximately \$5,286,000 primarily due to the issuance of general obligation bonds used to finance construction of the jail project.

Restricted net position represents resources subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. This net position category decreased approximately \$313,000, or 4.1%, from the prior year.

Unrestricted governmental activities net position - the part of governmental activities net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements - increased from a deficit of approximately \$1,358,000 at June 30, 2019 to a surplus of approximately \$9,438,000 at the end of this year.

Changes in Net Position of Governmental and Business Type Activities (Expressed in Thousands)						
	Governmental Activities June 30,		Business Type Activities June 30,		Total Activities June 30,	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for service	\$ 2,344	\$ 2,603	\$ 49	\$ 47	\$ 2,393	\$ 2,650
Operating grants and contributions	5,194	4,731	--	--	5,194	4,731
Capital grants and contributions	2,367	5,272	--	--	2,367	5,272
General revenues:						
Property and other county tax	8,063	6,690	--	--	8,063	6,690
Tax increment financing	143	134	--	--	143	134
Penalty and interest on property tax	18	41	--	--	18	41
State tax credits	600	499	--	--	600	499
Local option sales tax	1,244	1,138	--	--	1,244	1,138
Unrestricted investment earnings	287	195	--	--	287	195
Gain on sale of assets	1,148	--	--	--	1,148	--
Other general revenues	--	370	--	--	--	370
Total revenues	<u>21,408</u>	<u>21,673</u>	<u>49</u>	<u>47</u>	<u>21,457</u>	<u>21,720</u>
Program expenses:						
Public safety and legal services	2,344	4,062	--	--	2,344	4,062
Physical health and social services	748	1,080	--	--	748	1,080
Mental health	644	519	--	--	644	519
County environment and education	1,240	1,368	--	--	1,240	1,368
Roads and transportation	8,085	8,559	--	--	8,085	8,559
Governmental services to residents	457	659	--	--	457	659
Administration	2,363	1,971	--	--	2,363	1,971
Non-programs	60	386	--	--	60	386
Interest on long-term debt	270	--	--	--	270	--
Sewer	--	--	57	70	57	70
Total expenses	<u>16,211</u>	<u>18,604</u>	<u>57</u>	<u>70</u>	<u>16,268</u>	<u>18,674</u>
Transfers, net	--	2	--	( 2)	--	--
Change in net position	5,197	3,071	( 8)	( 25)	5,189	3,046
Net position beginning of year	<u>47,686</u>	<u>44,615</u>	<u>594</u>	<u>619</u>	<u>48,280</u>	<u>45,234</u>
Net position end of year	<u>\$ 52,883</u>	<u>\$ 47,686</u>	<u>\$ 586</u>	<u>\$ 594</u>	<u>\$ 53,469</u>	<u>\$ 48,280</u>

Carroll County's governmental activities net position increased approximately \$5,197,000 during the year. Revenues for governmental activities decreased approximately \$265,000 compared to the prior year, with capital grants and contributions decreasing approximately \$2,905,000 over the prior year. The decrease in capital grants and contributions is primarily the result of less road and bridge projects paid for by the Iowa Department of Transportation and federal grant proceeds in fiscal year 2020. The County's operating grants and contributions increased approximately \$463,000 and property and other county tax increased approximately \$1,373,000. Operating grants and contributions increased due to an increase in road use tax receipts.

The cost of all governmental activities this year was approximately \$16.2 million compared to approximately \$18.6 million last year. However, as shown in the Statement of Activities on page 6, the amount taxpayers ultimately financed for these activities was approximately \$6.3 million because some of the cost was paid by those who directly benefitted from the programs (\$2,344,000) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$7,561,000). Overall, the County's governmental program revenues, including intergovernmental aid and charges for service, decreased from approximately \$12,606,000 in fiscal year 2019 to approximately \$9,905,000 in fiscal year 2020, principally due to a decrease in road and bridge projects paid for by the Iowa Department of Transportation and federal grant proceeds. The County paid for the remaining "public benefit" portion of governmental activities with taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

## **INDIVIDUAL MAJOR FUND ANALYSIS**

As Carroll County completed the year, its governmental funds reported a combined fund balance of \$18.39 million, an increase of approximately \$8,777,000 from last year's total of approximately \$9.61 million. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- General Fund revenues increased approximately \$508,000, primarily due to increases in property and other county tax. Expenditures increased approximately \$473,000 due to increased spending in public safety and legal services and administration functions. Ambulance employee salaries increased due to an increase in service calls, more was spent on juvenile detention services and approximately \$450,000 was spent on design fees and plans as the County prepared for building a new jail. The ending fund balance increased approximately \$1,170,000.
- Special Revenue, Mental Health Fund revenues decreased approximately \$39,000, due to less property taxes being levied for in fiscal year 2020. Expenditures increased approximately \$132,000 from the prior year, as more was paid to the region fiscal agent in fiscal year 2020. The Special Revenue, Mental Health fund balance decreased approximately \$118,000 over the prior year to approximately \$132,000 at year end.
- The Special Revenue, Rural Services Fund ending fund balance increased approximately \$242,000 over the prior year to approximately \$661,000. The amount of local option sales tax (LOST) revenue allocated for rural services was approximately \$622,000, an increase of approximately \$53,000 over the prior year. Rural Services Fund expenditures increased approximately \$95,000 compared to the prior year.

- Special Revenue, Local Option Sales Tax Fund transfers out increased approximately \$787,000 compared to the prior year. Transfers were made to the General Fund in fiscal year 2020 to offset a decrease to the General Basic and General supplemental tax levy rates. The Local Option Sales Tax Fund balance decreased approximately \$666,000 to approximately \$2,468,000.
- Special Revenue, Secondary Roads Fund revenue increased approximately \$755,000. Expenditures decreased approximately \$509,000 over the prior year, primarily due to a decrease in road and bridge projects. The Secondary Roads Fund balance increased approximately \$451,000 to approximately \$3,826,000 at year end.
- Debt Service Fund revenues increased approximately \$606,000, primarily due to increases in property and other county tax. Expenditures increased approximately \$613,000.
- The Capital Projects Fund ended Fiscal Year 2020 with a fund balance totaling approximately \$7,942,000. This was an increase from Fiscal Year 2019 of approximately \$7,590,000. During the year ended June 30, 2020, the County issued \$8,950,000 of general obligation bonds to help finance the jail project. The proceeds from the bond issue were placed in the Capital Projects Fund to account for this project.

## **BUDGETARY HIGHLIGHTS**

Over the course of the year, Carroll County amended its budget three times. The first amendment was made in September, 2019 and resulted in an increase in budgeted disbursements of approximately \$809,000, related primarily to the jail project, Region XII contribution, Sheriff fees and ambulance building concrete work.

The second amendment was made in January, 2020. This amendment was made to increase budgeted disbursements approximately \$10,761,000 and budgeted receipts approximately \$11,823,000. This was primarily due to the jail project, jail overtime, case management Medicaid repayment, issuance of bond proceeds and sale of County farm ground.

The third amendment was made in May, 2020. This amendment resulted in an increase in budgeted disbursements of approximately \$420,000, related primarily to the jail project.

The County's receipts were approximately \$995,000 more than budgeted. Property and other county tax receipts were approximately \$254,000 more than budgeted, intergovernmental receipts were approximately \$492,000 more than budgeted, use of money and property receipts were approximately \$248,000 more than budgeted and miscellaneous receipts were approximately \$85,000 more than budgeted.

Total disbursements were approximately \$9,506,000 less than the final amended budget. Actual disbursements for governmental services to residents, administration and public safety and legal services were approximately \$164,000, \$10,877,000 and \$559,000, respectively, less than budgeted.

In the governmental services to residents function, disbursements were approximately \$164,000 less than budgeted primarily due to materials for two gravel contracts that were not received before year end.

Administration function disbursements were approximately \$10,877,000 less than the amount budgeted, primarily due to final insurance premiums being less than expected and delaying the purchase of IT equipment until fiscal year 2020.

Public safety and legal services function disbursements were approximately \$559,000 less than budgeted due to less health insurance expense due to employees changing to less expensive plans, bids for Sheriff vehicles came in less than budgeted, fewer training sessions for the Sheriff and less overtime hours at the jail than anticipated.

Even with the budget amendments, the County exceeded the budgeted amounts in the county environment and education, non-program, debt service and capital projects functions for the year ended June 30, 2020.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At June 30, 2020, Carroll County had approximately \$48.5 million invested in a broad range of capital assets for governmental activities, including public safety equipment, buildings, park facilities, roads and bridges. This is a net increase of approximately \$7,108,000, or 17.2%, over last year.

Capital Assets of Governmental Activities at Year End (Expressed In Thousands)		
	June 30,	
	2020	2019
Land	\$ 1,909	\$ 1,891
Buildings	3,675	3,669
Improvements other than buildings	4,394	626
Equipment and vehicles	5,256	4,800
Infrastructure	23,708	25,115
Construction in progress	9,575	5,308
Total	<u>\$ 48,517</u>	<u>\$ 41,409</u>

The County had governmental activities depreciation expense of approximately \$2,264,000 in fiscal year 2020 and total accumulated depreciation of approximately \$40,487,000 at June 30, 2020.

More detailed information about the County's capital assets is presented in Note 5 to the financial statements.

## **Long-Term Debt**

At June 30, 2020, Carroll County had approximately \$8,600,000 of general obligation bonds and \$3,794,385 of a capital lease obligation outstanding, compared to \$ - 0 - at June 30, 2019.

The Constitution of the State of Iowa limits the amount of general obligation debt counties can issue to 5% of the assessed value of all taxable property within the County's corporate limits. Carroll County's constitutional debt limit is approximately \$76.4 million. Additional information about the County's long-term liabilities is presented in Note 7 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Carroll County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and the fees charged for various County activities. One of those factors is the economy. Unemployment in the County in June, 2020 was approximately 6.5% compared to the State of Iowa of 10.8%. This is an increase from the prior year due to the impact of COVID-19.

These indicators were taken into account when adopting the budget for fiscal year 2021. Amounts available for appropriation in the operating budget are approximately \$18.4 million, an increase of 5.7% from the final fiscal year 2020 budget. Budgeted disbursements are approximately \$26.5 million, a 13.4% decrease from the final fiscal year 2020 budget. The County added no major new programs or initiatives to the fiscal year 2021 budget.

If these estimates are realized, the County's budgetary operating balance is expected to decrease approximately \$8,100,000 by the close of fiscal year 2021.

## **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Carroll County's finances and to show the County's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Carroll County Auditor's Office, 114 E. 6<sup>th</sup> Street, Carroll, IA 51401.

Carroll County  
Statement of Net Position  
June 30, 2020

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Cash, cash equivalents and pooled investments			
County Treasurer	\$ 18,306,228	\$ 31,377	\$ 18,337,605
Conservation Foundation	92,197	--	92,197
Receivables:			
Property tax:			
Delinquent	65,852	1,616	67,468
Succeeding year	9,306,000	--	9,306,000
Interest and penalty on property tax	84,607	--	84,607
Accounts, net of allowance for doubtful accounts of \$111,313	142,106	3,933	146,039
Accrued interest	10,146	--	10,146
Internal balances	247,814	( 247,814)	--
Due from other funds	36,968	--	36,968
Due from other governments	766,551	--	766,551
Inventories	836,736	--	836,736
Prepaid expenses	166,745	--	166,745
Capital assets (net of accumulated depreciation)	48,517,066	798,657	49,315,723
Total assets	<u>78,579,016</u>	<u>587,769</u>	<u>79,166,785</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	<u>1,171,790</u>	<u>--</u>	<u>1,171,790</u>
<b>Liabilities</b>			
Accounts payable	912,815	1,895	914,710
Salaries and benefits payable	23,880	--	23,880
Due to other governments	62,916	--	62,916
Long-term liabilities:			
Portion due or payable within one year:			
Capital lease purchase agreements	335,894	--	335,894
General obligation bonds	280,000	--	280,000
Compensated absences	250,628	--	250,628
Portion due or payable after one year:			
Capital lease purchase agreements	3,458,491	--	3,458,491
General obligation bonds	8,320,000	--	8,320,000
Compensated absences	10,200	--	10,200
Net pension liability	3,092,151	--	3,092,151
Total liabilities	<u>16,746,975</u>	<u>1,895</u>	<u>16,748,870</u>

(continued next page)



Carroll County  
Statement of Net Position - continued  
June 30, 2020

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Deferred Inflows of Resources			
Unavailable property tax revenue	\$ 9,306,000	\$ --	\$ 9,306,000
Pension related deferred inflows	814,795	--	814,795
Total deferred inflows of resources	<u>10,120,795</u>	<u>--</u>	<u>10,120,795</u>
Net Position			
Net investment in capital assets	36,122,681	550,843	36,673,524
Restricted for:			
Supplemental levy purposes	120,298	--	120,298
Mental health purposes	136,284	--	136,284
Rural services purposes	663,672	--	663,672
Secondary roads purposes	3,713,096	--	3,713,096
Debt service	( 1,002)	--	( 1,002)
Capital projects	16,416	--	16,416
Other purposes	2,673,461	--	2,673,461
Unrestricted	<u>9,438,130</u>	<u>35,031</u>	<u>9,473,161</u>
Total net position	<u>\$ 52,883,036</u>	<u>\$ 585,874</u>	<u>\$ 53,468,910</u>

See notes to financial statements.

Carroll County  
Statement of Activities  
Year ended June 30, 2020

	<u>Expenses</u>	<u>Program Revenues</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 2,344,198	\$ 1,595,192
Physical health and social services	748,151	105,284
Mental health	643,970	--
County environment and education	1,240,301	--
Roads and transportation	8,085,240	66,671
Governmental services to residents	456,575	496,538
Administration	2,362,701	5,570
Non-program	59,528	74,392
Interest on long-term debt	270,499	--
Total governmental activities	<u>16,211,163</u>	<u>2,343,647</u>
Business type activities:		
Sewer	<u>57,280</u>	<u>49,026</u>
Total	<u>\$ 16,268,443</u>	<u>\$ 2,392,673</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Tax increment financing		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Gain on sale of assets		
Total general revenues		
Change in net position		
Net position beginning of year		
Net position end of year		

See notes to financial statements.

Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
\$ 16,127	\$ 1,719,783	\$ 986,904	\$ --	\$ 986,904
283,633	--	( 359,234)	--	( 359,234)
28,492	--	( 615,478)	--	( 615,478)
79,441	--	( 1,160,860)	--	( 1,160,860)
4,715,614	647,086	( 2,655,869)	--	( 2,655,869)
11,899	--	51,862	--	51,862
5,044	--	( 2,352,087)	--	( 2,352,087)
53,877	--	68,741	--	68,741
--	--	( 270,499)	--	( 270,499)
<u>5,194,127</u>	<u>2,366,869</u>	<u>( 6,306,520)</u>	<u>--</u>	<u>( 6,306,520)</u>
--	--	--	( 8,254)	( 8,254)
<u>\$ 5,194,127</u>	<u>\$ 2,366,869</u>	<u>( 6,306,520)</u>	<u>( 8,254)</u>	<u>( 6,314,774)</u>
		8,063,250	--	8,063,250
		143,280	--	143,280
		17,818	--	17,818
		599,784	--	599,784
		1,244,018	--	1,244,018
		286,798	21	286,819
		<u>1,148,642</u>	<u>--</u>	<u>1,148,642</u>
		<u>11,503,590</u>	<u>21</u>	<u>11,503,611</u>
		5,197,070	( 8,233)	5,188,837
		<u>47,685,966</u>	<u>594,107</u>	<u>48,280,073</u>
		<u>\$ 52,883,036</u>	<u>\$ 585,874</u>	<u>\$ 53,468,910</u>

Carroll County  
Balance Sheet  
Governmental Funds

June 30, 2020

	<u>General</u>	<u>Special Revenue</u>	
		<u>Mental Health</u>	<u>Rural Services</u>
<b>Assets</b>			
Cash, cash equivalents, and pooled investments:			
County Treasurer	\$ 3,210,607	\$ 131,817	\$ 598,467
Conservation Foundation	--	--	--
Receivables:			
Property tax:			
Delinquent	40,755	4,467	14,912
Succeeding year	5,035,000	676,000	2,464,000
Interest and penalty on property tax	84,607	--	--
Accounts	120,063	--	--
Accrued interest	9,313	--	--
Due from other funds	35,811	--	--
Due from other governments	125,108	--	66,802
Inventories	--	--	--
Prepaid insurance	154,322	--	--
Non-current assets:			
Advances to other funds	--	--	--
Total assets	<u>\$ 8,815,586</u>	<u>\$ 812,284</u>	<u>\$ 3,144,181</u>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
Liabilities:			
Accounts payable	\$ 89,971	\$ --	\$ 2,847
Salaries and benefits payable	23,880	--	--
Advances from other funds	--	--	--
Due to other funds	1,817	--	1,056
Due to other governments	62,009	--	--
Total liabilities	<u>177,677</u>	<u>--</u>	<u>3,903</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	5,035,000	676,000	2,464,000
Other	205,081	4,467	14,912
Total deferred inflows of resources	<u>5,240,081</u>	<u>680,467</u>	<u>2,478,912</u>

(continued next page)

<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Local Option Sales Tax</u>	<u>Secondary Roads</u>				
\$ 1,961,638	\$ 2,501,328	\$( 6,369)	\$ 8,608,820	\$ 88,213	\$ 17,094,521
--	--	--	--	92,197	92,197
--	--	5,367	--	351	65,852
--	--	1,131,000	--	--	9,306,000
--	--	--	--	--	84,607
--	4,378	--	--	--	124,441
--	--	--	--	--	9,313
12,451	2,930	--	--	1,100	52,292
48,891	525,750	--	--	--	766,551
--	836,736	--	--	--	836,736
--	12,423	--	--	--	166,745
<u>450,110</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>450,110</u>
<u>\$ 2,473,090</u>	<u>\$ 3,883,545</u>	<u>\$ 1,129,998</u>	<u>\$ 8,608,820</u>	<u>\$ 181,861</u>	<u>\$ 29,049,365</u>
\$ 4,996	\$ 56,979	\$ --	\$ 667,264	\$ --	\$ 822,057
--	--	--	--	--	23,880
--	--	--	--	214,747	214,747
--	--	--	--	--	2,873
--	907	--	--	--	62,916
<u>4,996</u>	<u>57,886</u>	<u>--</u>	<u>667,264</u>	<u>214,747</u>	<u>1,126,473</u>
--	--	1,131,000	--	--	9,306,000
--	--	5,367	--	351	230,178
--	--	<u>1,136,367</u>	<u>--</u>	<u>351</u>	<u>9,536,178</u>

Carroll County  
Balance Sheet  
Governmental Funds - continued

June 30, 2020

	<u>General</u>	<u>Special Revenue</u>	
		<u>Mental Health</u>	<u>Rural Services</u>
Fund balances:			
Nonspendable:			
Inventories	\$       --	\$       --	\$       --
Prepaid insurance	154,322	--	--
Restricted for:			
Supplemental levy purposes	143,481	--	--
Mental health purposes	--	131,817	--
Rural services purposes	--	--	661,366
Secondary roads purposes	--	--	--
Debt service	--	--	--
Other purposes	--	--	--
Assigned for:			
County Attorney fine collections	23,506	--	--
Capital projects and equipment	--	--	--
Unassigned	<u>3,076,519</u>	<u>--</u>	<u>--</u>
Total fund balances	<u>3,397,828</u>	<u>131,817</u>	<u>661,366</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 8,815,586</u>	 <u>\$ 812,284</u>	 <u>\$ 3,144,181</u>

See notes to financial statements.

Special Revenue		Debt Service	Capital Projects	Nonmajor	Total
Local Option Sales Tax	Secondary Roads				
\$ --	\$ 836,736	\$ --	\$ --	\$ --	\$ 836,736
--	12,423	--	--	--	166,745
--	--	--	--	--	143,481
--	--	--	--	--	131,817
--	--	--	--	--	661,366
--	2,976,500	--	--	--	2,976,500
--	--	( 6,369)	--	--	( 6,369)
2,468,094	--	--	16,416	181,510	2,666,020
--	--	--	--	--	23,506
--	--	--	7,925,140	--	7,925,140
--	--	--	--	( 214,747)	2,861,772
<u>2,468,094</u>	<u>3,825,659</u>	<u>( 6,369)</u>	<u>7,941,556</u>	<u>( 33,237)</u>	<u>18,386,714</u>
<u>\$ 2,473,090</u>	<u>\$ 3,883,545</u>	<u>\$ 1,129,998</u>	<u>\$ 8,608,820</u>	<u>\$ 181,861</u>	<u>\$ 29,049,365</u>

## Carroll County

Reconciliation of the Balance Sheet -  
Governmental Funds to the Statement of Net Position

June 30, 2020

Total governmental fund balances (page 8)		\$ 18,386,714
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$89,003,795 and the accumulated depreciation is \$40,486,729.		48,517,066
Other long-term assets are not available to pay for current year expenditures and, therefore, are recognized as deferred inflows of resources in the governmental funds.		230,178
The Internal Service Fund is used by management to charge the costs of the partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the statement of net position.		1,139,447
Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 1,171,790	
Deferred inflows of resources	<u>( 814,795)</u>	356,995
Long-term liabilities, including bonds payable, capital lease purchase, compensated absences payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the government funds.		<u>( 15,747,364)</u>
Net position of governmental activities (page 5)		<u>\$ 52,883,036</u>

See notes to financial statements.



Carroll County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds

Year ended June 30, 2020

	General	Special Revenue Mental Health	Rural Services
Revenues:			
Property and other county tax	\$ 4,766,915	\$ 466,804	\$ 2,386,900
Local option sales tax	--	--	622,009
Interest and penalty on property tax	11,280	--	--
Tax increment financing	--	--	--
Intergovernmental	995,258	37,709	201,887
Licenses and permits	30,864	--	1,610
Charges for service	1,626,498	--	--
Use of money and property	192,345	--	--
Miscellaneous	90,362	28,492	--
Total revenues	<u>7,713,522</u>	<u>533,005</u>	<u>3,212,406</u>
Expenditures:			
Operating:			
Public safety and legal services	3,554,486	--	655,958
Physical health and social services	996,377	--	--
Mental health	--	651,038	--
County environment and education	1,028,032	--	166,143
Roads and transportation	--	--	25,000
Governmental services to residents	692,393	--	--
Administration	2,237,758	--	--
Non-program	59,528	--	--
Debt service	--	--	--
Capital projects	--	--	--
Total expenditures	<u>8,568,574</u>	<u>651,038</u>	<u>847,101</u>
Excess (deficiency) of revenues over (under) expenditures	<u>( 855,052)</u>	<u>( 118,033)</u>	<u>2,365,305</u>

(continued next page)

Special Revenue		Debt Service	Capital Projects	Nonmajor	Total
Local Option Sales Tax	Secondary Roads				
\$ --	\$ --	\$ 560,836	\$ --	\$ --	\$ 8,181,455
622,009	--	--	--	--	1,244,018
--	--	--	--	--	11,280
--	--	--	--	143,280	143,280
--	4,941,080	45,305	37,600	69,148	6,327,987
--	6,508	--	--	--	38,982
--	--	--	57,056	3,984	1,687,538
10,534	--	--	125,607	683	329,169
1,320	385,932	--	10,000	24,887	540,993
633,863	5,333,520	606,141	230,263	241,982	18,504,702
12,339	--	--	--	--	4,222,783
--	--	--	--	--	996,377
--	--	--	--	--	651,038
--	--	--	--	120,514	1,314,689
--	6,941,235	--	--	--	6,966,235
--	--	--	--	--	692,393
--	--	--	--	--	2,237,758
--	--	--	--	--	59,528
--	--	612,510	--	7,989	620,499
13,728	309,715	--	3,490,122	--	3,813,565
26,067	7,250,950	612,510	3,490,122	128,503	21,574,865
607,796	( 1,917,430)	( 6,369)	( 3,259,859)	113,479	( 3,070,163)

Carroll County  
Statement of Revenues, Expenditures and  
Changes in Fund Balances - continued  
Governmental Funds

Year ended June 30, 2020

	<u>General</u>	<u>Special Revenue</u>	
		<u>Mental Health</u>	<u>Rural Services</u>
Other financing sources (uses):			
Sale of capital assets	\$ 1,176,977	\$ --	\$ --
Operating transfers in	1,315,600	--	--
Operating transfers out	( 467,245)	--	( 2,123,172)
General obligation bonds issued	--	--	--
Premium on bonds	--	--	--
Total other financing sources (uses)	<u>2,025,332</u>	<u>--</u>	<u>( 2,123,172)</u>
Change in fund balances	1,170,280	( 118,033)	242,133
Fund balances beginning of year	<u>2,227,548</u>	<u>249,850</u>	<u>419,233</u>
Fund balances end of year	<u>\$ 3,397,828</u>	<u>\$ 131,817</u>	<u>\$ 661,366</u>

See notes to financial statements.

<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Local Option Sales Tax</u>	<u>Secondary Roads</u>				
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 1,176,977
122,000	2,368,417	--	180,000	--	3,986,017
( 1,395,600)	--	--	--	--	( 3,986,017)
--	--	--	8,950,000	--	8,950,000
--	--	--	<u>1,719,783</u>	--	<u>1,719,783</u>
<u>( 1,273,600)</u>	<u>2,368,417</u>	<u>--</u>	<u>10,849,783</u>	<u>--</u>	<u>11,846,760</u>
( 665,804)	450,987	( 6,369)	7,589,924	113,479	8,776,597
<u>3,133,898</u>	<u>3,374,672</u>	<u>--</u>	<u>351,632</u>	<u>( 146,716)</u>	<u>9,610,117</u>
<u>\$ 2,468,094</u>	<u>\$ 3,825,659</u>	<u>\$ ( 6,369)</u>	<u>\$ 7,941,556</u>	<u>\$ ( 33,237)</u>	<u>\$ 18,386,714</u>

## Carroll County

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds to the Statement of Activities

Year ended June 30, 2020

Change in fund balances - Total governmental funds (page 11) \$ 8,776,597

Amounts reported for governmental activities in the Statement  
of Activities are different because:

Governmental funds report capital outlays as expenditures while  
governmental activities report depreciation expense to allocate  
those expenditures over the life of the assets. Capital outlay  
expenditures and contributed capital assets exceeded  
depreciation expense in the current year, as follows:

Expenditures for capital assets	\$ 9,352,539	
Capital assets contributed by the Iowa Department of Transportation	48,251	
Depreciation expense	<u>( 2,264,292)</u>	7,136,498

Proceeds from issuing long-term liabilities provide current financial  
resources to governmental funds, but issuing debt increases long-  
term liabilities in the Statement of Net Position. Repayment of  
long-term liabilities is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the Statement  
of Net Position. Current year issues exceeded repayments, as follows:

Principal paid	350,000	
Debt issued	<u>( 12,744,385)</u>	( 12,394,385)

In the Statement of Activities, the gain (loss) on the disposition of capital  
assets is reported, whereas in the governmental funds report the proceeds  
from the sale (disposition) as an increase in financial resources.

Book value of disposed assets	( 28,335)
-------------------------------	-----------

Because some revenues will not be collected for several months after the  
County's year end, they are not considered available revenues and are  
recognized as deferred inflows of resources in the governmental funds,  
as follows:

Property tax and other	( 111,667)
------------------------	------------

The current year County IPERS contributions are reported as expenditures  
in the governmental funds, but are reported as deferred outflows of resources  
in the Statement of Net Position

580,104

Some expenses reported in the Statement of Activities do not  
require the use of current financial resources and, therefore,  
are not reported as expenditures in governmental funds, as follows:

Compensated absences	101,045	
Pension expense	( 1,165,406)	
OPEB expense	<u>1,852,050</u>	787,689

The Internal Service Fund is used by management to charge the costs  
of partial self-funding of the County's health insurance benefit plan  
to individual funds. The change in net position of the Internal  
Service Fund is reported with governmental activities.

450,569

Change in net position of governmental activities (page 6) \$ 5,197,070

See notes to financial statements.

Carroll County  
Statement of Net Position  
Proprietary Funds

June 30, 2020

	<u>Business Type Activities</u>	
	<u>Enterprise</u>	
	<u>Mt. Carmel Sewer</u>	<u>Maple River Sewer</u>
Assets		
Cash, cash equivalents and pooled investments	\$ 26,620	\$ 4,757
Receivables:		
Special assessment:		
Delinquent special assessments	--	1,616
Accounts	1,623	2,310
Accrued interest	--	--
Capital assets, net of accumulated depreciation	<u>287,847</u>	<u>510,810</u>
Total assets	<u>316,090</u>	<u>519,493</u>
Liabilities		
Current liabilities:		
Accounts payable	26	1,869
Due to other funds	7,439	5,012
Long-term liabilities:		
Advances from other funds	<u>138,523</u>	<u>96,840</u>
Total liabilities	<u>145,988</u>	<u>103,721</u>
Net Position		
Net investment in capital assets	141,885	408,958
Unrestricted	<u>28,217</u>	<u>6,814</u>
Total net position	<u>\$ 170,102</u>	<u>\$ 415,772</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 316,090</u>	<u>\$ 519,493</u>

See notes to financial statements.

<u>Business Type Activities</u>	<u>Governmental Activities</u>
<u>Enterprise</u>	<u>Internal Service - Employee Group Health</u>
<u>Total</u>	
\$ 31,377	\$ 1,211,707
1,616	--
3,933	17,665
--	833
<u>798,657</u>	<u>--</u>
835,583	1,230,205
1,895	90,758
12,451	--
<u>235,363</u>	<u>--</u>
<u>249,709</u>	<u>90,758</u>
550,843	--
<u>35,031</u>	<u>1,139,447</u>
<u>\$ 585,874</u>	<u>\$ 1,139,447</u>
<u>\$ 835,583</u>	<u>\$ 1,230,205</u>

Carroll County

Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds

Year ended June 30, 2020

	<u>Business Type Activities</u>	
	<u>Enterprise</u>	
	<u>Mt. Carmel Sewer</u>	<u>Maple River Sewer</u>
Operating revenues:		
Reimbursements from operating funds	\$ --	\$ --
Reimbursements from others	--	--
Reimbursements from employees	--	--
Charges for service	21,324	27,702
Total operating revenues	<u>21,324</u>	<u>27,702</u>
Operating expenses:		
Medical claims	--	--
Administrative fees	--	--
Interest expense	1,500	1,045
Depreciation	9,495	16,665
Miscellaneous	8,462	20,113
Total operating expenses	<u>19,457</u>	<u>37,823</u>
Operating income (loss)	1,867	( 10,121)
Non-operating expenses		
Interest income	19	2
Total non-operating expenses	<u>19</u>	<u>2</u>
Change in net position	1,886	( 10,119)
Net position beginning of year	<u>168,216</u>	<u>425,891</u>
Net position end of year	<u>\$ 170,102</u>	<u>\$ 415,772</u>

See notes to financial statements.



<u>Business Type Activities</u>	<u>Governmental Activities</u>
<u>Enterprise</u>	<u>Internal Service - Employee Group Health</u>
<u>Total</u>	
\$ --	\$ 1,813,301
--	83,140
--	293,808
<u>49,026</u>	<u>--</u>
<u>49,026</u>	<u>2,190,249</u>
--	1,750,869
--	4,193
2,545	--
26,160	--
<u>28,575</u>	<u>--</u>
<u>57,280</u>	<u>1,755,062</u>
( 8,254)	435,187
<u>21</u>	<u>15,382</u>
<u>21</u>	<u>15,382</u>
( 8,233)	450,569
<u>594,107</u>	<u>688,878</u>
<u>\$ 585,874</u>	<u>\$ 1,139,447</u>

Carroll County  
Statement of Cash Flows  
Proprietary Funds

Year ended June 30, 2020

	<u>Business Type Activities</u>	
	<u>Enterprise</u>	
	<u>Mt. Carmel Sewer</u>	<u>Maple River Sewer</u>
Cash flows from operating activities:		
Cash received from operating fund reimbursements	\$ --	\$ --
Cash received from employees and others	--	--
Cash received from sewer fees	21,380	25,776
Cash payments to suppliers for services	( 8,654)	( 19,634)
Net cash provided by operating activities	12,726	6,142
Cash flows from investing activities:		
Interest on investments	19	2
Cash flows from capital and related financing activities:		
Principal paid on interfund loan	( 7,364)	( 4,963)
Interest paid on interfund loan	( 1,500)	( 1,045)
Net cash used in capital and related financing activities	( 8,864)	( 6,008)
Net increase in cash and cash equivalents	3,881	136
Cash and cash equivalents at beginning of year	22,739	4,621
Cash and cash equivalents at end of year	<u>\$ 26,620</u>	<u>\$ 4,757</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 1,867	\$( 10,121)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	9,495	16,665
Interest expense	1,500	1,045
Decrease (increase) in accounts receivable	56	( 310)
Increase in delinquent special assessment receivable	--	( 1,616)
Increase (decrease) in accounts payable	( 192)	479
Net cash provided by operating activities	<u>\$ 12,726</u>	<u>\$ 6,142</u>

See notes to financial statements.

<u>Business Type</u> <u>Activities</u>	<u>Governmental</u> <u>Activities</u>
<u>Enterprise</u>	<u>Internal</u> <u>Service -</u> <u>Employee</u> <u>Group Health</u>
<u>Total</u>	
\$ --	\$ 1,813,301
--	376,948
47,156	--
( 28,288)	( 1,935,245)
<u>18,868</u>	<u>255,004</u>
 21	 14,549
( 12,327)	--
( 2,545)	--
( 14,872)	--
4,017	269,553
<u>27,360</u>	<u>942,154</u>
<u>\$ 31,377</u>	<u>\$ 1,211,707</u>
 \$( 8,254)	 \$ 435,187
26,160	--
2,545	--
( 254)	5,849
( 1,616)	--
<u>287</u>	<u>( 186,032)</u>
<u>\$ 18,868</u>	<u>\$ 255,004</u>

Carroll County  
Statement of Fiduciary Net Position  
Custodial Funds

June 30, 2020

Assets

Cash and pooled investments:	
County Treasurer	\$ 2,389,795
Other County officials	64,786
Receivables:	
Property tax:	
Delinquent	261,015
Succeeding year	24,850,000
Accounts	16,419
Special assessments	11,255
Due from other funds	451
Due from other governments	54,103
Total assets	<u>27,647,824</u>

Liabilities

Accounts payable	15,943
Salaries and benefits payable	2,055
Due to other funds	37,419
Due to other governments	1,367,410
Trusts payable	22,889
Compensated absences	5,799
Total liabilities	<u>1,451,515</u>

Deferred Inflows of Resources

Unavailable property tax revenue	<u>24,850,000</u>
Net position	<u>\$ 1,346,309</u>

See notes to financial statements.

Carroll County  
Statement of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2020

Additions:

Property and other county tax	\$ 24,731,072
E911 surcharge	275,110
State tax credits	2,295,975
Office fees and collections	617,337
Auto licenses, use tax and postage	8,826,110
Assessments	14,594
Trusts	433,691
Miscellaneous	<u>80,961</u>
Total additions	37,274,850

Deductions:

Agency Remittances;	
To other funds	492,112
To other governments	36,431,821
Trusts paid out	<u>438,600</u>
Total deductions	<u>37,362,533</u>

Changes in net position ( 87,683)

Net position beginning of year, as restated 1,433,992

Net position end of year \$ 1,346,309

See notes to financial statements.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Carroll County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Carroll County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Carroll County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Certain drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Carroll County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Carroll County Auditor's office.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Carroll County Conservation Foundation has been incorporated under Chapter 504A of the Code of Iowa to receive donations for the benefit of the Carroll County Conservation Board. These donations were expended to finance the Sauk Rail Trail and the Conservation Education Center and were not included in the County's budget. The financial transactions of this component unit have been reported as a Special Revenue Fund.

Jointly Governed Organizations - The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Carroll County Assessor's Conference Board, Carroll County Emergency Management Commission and County Joint 911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in the Custodial Funds of the County.

In addition, the County Board of Supervisors are members of or appoint representatives to: West Central Iowa Sheltered Workshop (WESCO), Carroll County Solid Waste Management Commission, Region XII Council of Governments, Youth Emergency Services (Y.E.S.), Ambulance Board and Conservation Board.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

*Restricted net position* results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Mental Health Fund is used to account for property tax and other revenues to be used to fund mental health, intellectual disabilities and developmental disabilities services.

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Local Option Sales Tax Fund is used to account for local option sales tax authorized by referendum and used in accordance with the referendum.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

The Debt Service Fund is utilized to account for property tax and other revenues to be used for the payment of interest and principal on the County's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.



Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Additionally, the County reports the following funds:

Enterprise Funds - Sewer Funds are utilized to account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Custodial Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Enterprise Funds is charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services and depreciation on capital assets. The principal operating revenues of the County's Internal Service Fund is charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust and non-negotiable certificates of deposit which are stated at amortized cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as deferred inflows of resources in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March 2019.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Due from/ Advance to and Due to/Advances from Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Carroll County

Notes to Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital Assets - Capital assets, which include property, furniture and equipment and intangibles acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land and buildings	25,000
Land improvements	10,000
Intangibles	50,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	30 - 50
Land improvements	10 - 30
Infrastructure	15 - 65
Intangibles	5 - 20
Equipment	2 - 40
Vehicles	4 - 10

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to future years which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Carroll County

Notes to Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund and the Special Revenue, Mental Health and Rural Services and Secondary Roads Funds.

Carroll County

Notes to Financial Statements

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position applicable to a future year which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the fund financial statements consist of property tax receivable and other receivables not collected within sixty days after year end and succeeding year property tax receivable that will not be recognized until the year for which it is levied.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivable that will not be recognized until the year for which it is levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets.

Fund Balance - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year-end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Net Position - The net position of the Enterprise, Sewer Funds is designated for the operation and maintenance of the sewer facilities. The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the county environment and education, non-program, debt service and capital projects functions and disbursements in certain departments exceeded the amounts appropriated.

NOTE 2 - CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$193,476. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount which may be invested in any one issuer.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 3 - DUE FROM/ADVANCES TO AND DUE TO/ADVANCES FROM OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Custodial:	
	County Recorder	\$ 35,811
Special Revenue:	Enterprise:	
Local Option Sales Tax	Mt. Carmel Sewer	7,439
	Maple River Sewer	<u>5,012</u>
		12,451
Special Revenue:	General	1,817
Secondary Roads	Special Revenue:	
	Rural Services	1,056
	Custodial:	
	Emergency Management Services	43
	Drain #23	<u>14</u>
		2,930
Special Revenue:	Custodial:	
County Recorder's Records		
Management	County Recorder	1,100
Custodial:	Custodial:	
Recorder's Electronic		
Transfer Fee	County Recorder	<u>451</u>
Total		<u>\$ 52,743</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

Not included above, and not expected to be repaid within one year, are interfund advances of \$138,523, with interest rates ranging from 1% to 3.375% over 25 years, and \$96,840, with an interest rate of 1.00% over 15 years, due from the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds, respectively, to the Special Revenue, Local Option Sales Tax Fund for repayment of long term interfund loans. The interfund advances will be repaid from user fees. During the year ended June 30, 2020, the Enterprise, Mt. Carmel Sewer and Maple River Sewer Funds repaid \$12,327 on these advances.

Also not included above, and not expected to be repaid within one year, is an interfund advance of \$214,747, with an interest rate of 3.50% over 15 years, due from the Special Revenue, Tax Increment Financing Fund (TIF Fund) to the Special Revenue, Local Option Sales Tax Fund for repayment of an interfund advance for tax increment financing purposes. The interfund advance will be repaid with tax increment financing collections. During the year ended June 30, 2020, the TIF Fund paid \$136,726 on this advance.



Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue: Local Option Sales Tax	\$ 1,315,600
Special Revenue: Local Option Sales Tax	General	122,000
Special Revenue: Secondary Roads	General	245,245
	Special Revenue: Rural Services	<u>2,123,172</u>
		2,368,417
Capital Projects	General	100,000
	Special Revenue: Local Option Sales Tax	<u>80,000</u>
		<u>180,000</u>
Total		<u>\$ 3,986,017</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Carroll County  
Notes to Financial Statements

June 30, 2020

NOTE 5 - CAPITAL ASSETS

Governmental activities capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,891,381	\$ 18,000	\$ --	\$ 1,909,381
Construction in progress	5,308,856	4,265,512	--	9,574,368
Total capital assets not being depreciated	<u>7,200,237</u>	<u>4,283,512</u>	<u>--</u>	<u>11,483,749</u>
Capital assets being depreciated:				
Buildings	6,451,023	151,000	--	6,602,023
Improvements other than buildings	749,174	3,794,385	--	4,543,559
Equipment and vehicles	11,858,663	1,171,893	470,534	12,560,022
Infrastructure, road network	52,176,205	--	--	52,176,205
Infrastructure, other	1,638,237	--	--	1,638,237
Total capital assets being depreciated	<u>72,873,302</u>	<u>5,117,278</u>	<u>470,534</u>	<u>77,520,046</u>
Less accumulated depreciation for:				
Buildings	2,782,513	144,776	--	2,927,289
Improvements other than buildings	123,665	25,809	--	149,474
Equipment and vehicles	7,058,970	687,132	442,199	7,303,903
Infrastructure, road network	28,371,841	1,370,169	--	29,742,010
Infrastructure, other	327,647	36,406	--	364,053
Total accumulated depreciation	<u>38,664,636</u>	<u>2,264,292</u>	<u>442,199</u>	<u>40,486,729</u>
Total capital assets being depreciated, net	<u>34,208,666</u>	<u>2,852,986</u>	<u>28,335</u>	<u>37,033,317</u>
Governmental activities capital assets, net	<u>\$ 41,408,903</u>	<u>\$ 7,136,498</u>	<u>\$ 28,335</u>	<u>\$ 48,517,066</u>

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 5 - CAPITAL ASSETS - continued

Depreciation expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 211,060
Physical health and social services	4,565
County environment and education	123,571
Roads and transportation	1,874,599
Governmental service to residents	5,926
Administration	<u>44,571</u>

Total depreciation expense - governmental activities	<u>\$2,264,292</u>
--	--------------------

Equipment costing \$3,794,385 was purchased under capital lease purchase agreement. Accumulated depreciation on this asset totaled \$ - 0 - at June 30, 2020.

Business type activities capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business type activities:				
Capital assets not being depreciated:				
Land	\$ 25,500	\$ --	\$ --	\$ 25,500
Capital assets being depreciated:				
Infrastructure	1,044,140	--	--	1,044,140
Less accumulated depreciation for:				
Infrastructure	<u>244,823</u>	<u>26,160</u>	<u>--</u>	<u>270,983</u>
Total capital assets being depreciated, net	<u>799,317</u>	<u>( 26,160)</u>	<u>--</u>	<u>773,157</u>
Business type activities capital assets, net	<u>\$ 824,817</u>	<u>\$ ( 26,160)</u>	<u>\$ --</u>	<u>\$ 798,657</u>
Total depreciation expense - business type activities				<u>\$ 26,160</u>

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 6 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2020 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 62,009
Special Revenue:		
Secondary Roads		<u>907</u>
Total for governmental funds		<u>\$ 62,916</u>
Custodial:		
County Sheriff	Collections	\$ 4,132
County Recorder		403
Agricultural Extension		
Education		3,308
Schools		190,894
Community Colleges		12,917
Corporations		165,903
Townships		2,847
Auto License and Use Tax		986,953
All Other		<u>53</u>
Total for custodial funds		<u>\$ 1,367,410</u>

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Capital Lease Purchase Agreement	General Obligation Bonds	Compensated Absences
Balance beginning of year	\$ --	\$ --	\$ 361,873
Increases	3,794,385	8,950,000	380,785
Decreases	<u>--</u>	<u>350,000</u>	<u>481,830</u>
Balance end of year	<u>\$ 3,794,385</u>	<u>\$ 8,600,000</u>	<u>\$ 260,828</u>
Due within one year	<u>\$ 335,894</u>	<u>\$ 280,000</u>	<u>\$ 250,628</u>
	Net Pension Liability	Total OPEB Liability	Total
Balance beginning of year	\$ 3,407,024	\$ 1,512,678	\$ 5,281,575
Increases	--	--	13,125,170
Decreases	<u>314,873</u>	<u>1,512,678</u>	<u>2,659,381</u>
Balance end of year	<u>\$ 3,092,151</u>	<u>\$ --</u>	<u>\$ 15,747,364</u>
Due within one year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 866,522</u>

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 7 - LONG-TERM LIABILITIES - Continued

Capital Lease Purchase Agreement

On October 15, 2019, the County entered into a capital lease purchase agreement for a Motorola ISICS Radio System with a total cost of \$3,794,385. The agreement bears interest at 2.68% per annum and is payable in annual installments of \$437,584 over 10 years, with a final payment due by October 15, 2029. The following is a schedule of the future minimum lease payments and the present value of net minimum lease payments under the agreements in effect at June 30, 2020:

<u>June 30,</u>	<u>Motorola ISICS Radio System</u>
2021	\$ 437,584
2022	437,584
2023	437,584
2024	437,584
2025	437,584
2026-2030	<u>2,187,920</u>
Total minimum lease payments	4,375,840
Less amount representing interest	<u>( 581,455)</u>
Present value of net minimum lease payments	<u>\$ 3,794,385</u>

Bonds Payable

On October 30, 2019, the County issued \$8,950,000 of general obligation bonds, Series 2019, with an interest rate of 5.00% per annum. The bonds were issued to provide funds to help defray the costs associated with the jail project. A summary of the County's June 30, 2020 general obligation bonded indebtedness is as follows:

<u>June 30,</u>	<u>Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	5.00%	\$ 280,000	\$ 430,000	\$ 710,000
2022	5.00%	295,000	416,000	711,000
2023	5.00%	310,000	401,250	711,250
2024	5.00%	325,000	385,750	710,750
2025	5.00%	345,000	369,500	714,500
2026-2030	5.00%	1,985,000	1,572,000	3,557,000
2031-2035	5.00%	2,535,000	1,024,000	3,559,000
2036-2039	5.00%	<u>2,525,000</u>	<u>323,500</u>	<u>2,848,500</u>
Total		<u>\$ 8,600,000</u>	<u>\$ 4,922,000</u>	<u>\$ 13,522,000</u>

During the year ended June 30, 2020, the County retired \$350,000 of bonds.

Carroll County  
Notes to Financial Statements

June 30, 2020

NOTE 8 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies and protection occupation members may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 8 - PENSION PLAN - Continued

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the County contributed 9.44% of covered payroll, for a total rate of 15.73%. The Sheriff, deputies and the County each contributed 9.51% of covered payroll, for a total rate of 19.02%. Protection occupation members contributed 6.61% of covered payroll and the County contributed 9.91% of covered payroll, for a total rate of 16.52%.

The County's contributions to IPERS for the year ended June 30, 2020 totaled \$580,104.



Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 8 - PENSION PLAN - Continued

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the County reported a liability of \$3,092,151 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the County's proportion was 0.053399%, which was a decrease of 0.000439% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the County recognized pension expense of \$1,165,406. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,358	\$ 134,079
Changes of assumptions	479,665	87,590
Net difference between projected and actual earnings on IPERS' investments	--	548,261
Changes in proportion and differences between County contributions and proportionate share of contributions	88,663	44,865
County contributions subsequent to the measurement date	<u>580,104</u>	<u>--</u>
	<u>\$ 1,171,790</u>	<u>\$ 814,795</u>

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 8 - PENSION PLAN - Continued

The \$580,104 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2021	\$ 80,550
2022	( 142,797)
2023	( 92,673)
2024	( 69,721)
2025	<u>1,532</u>
	<u><u>\$ ( 223,109)</u></u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25% to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

Carroll County

Notes to Financial Statements

June 30, 2020

NOTE 8 - PENSION PLAN - Continued

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
County's proportionate share of the net pension liability	\$ 6,726,179	\$ 3,092,151	\$ 45,197

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 8 - PENSION PLAN - Continued

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2020.

NOTE 9 - RISK MANAGEMENT

Carroll County is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the Pool are recorded as expenditures from its operating funds at the time of payment to the Pool. The County's contributions to the Pool for the year ended June 30, 2020 were \$200,453.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 9 - RISK MANAGEMENT - Continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the County's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2020, no liability has been recorded in the County's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$5,000,000 and \$20,000, respectively. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$50,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2020 was \$1,813,301.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN - Continued

Accounts payable from the Employee Group Health Fund at June 30, 2020 total \$90,758, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,139,447 at June 30, 2020 and is reported as net position of the Internal Service, Employee Group Health Fund. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Estimated unpaid claims beginning of year	\$ 276,790
Incurred claims (including claims incurred but not reported at June 30, 2020)	1,750,869
Total payments	<u>1,936,901</u>
Estimated unpaid claims end of year	<u>\$ 90,758</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The County administers a single-employer benefit plan which provides medical and prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by Carroll County and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	14
Active employees	<u>112</u>
Total	<u>126</u>

Net OPEB Obligation: Management of the County considers any OPEB obligation, which may exist, to be immaterial. Therefore, no OPEB liability has been recorded in these financial statements.

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 12 - DEFICIT BALANCE

The Debt Service Fund had a deficit balance of \$6,369 at June 30, 2020. The deficit balance was a result of debt payments on the City's Series 2019 Jail & Sheriff's Office General Obligation Bonds. The deficit will be eliminated with future debt service collections.

The Special Revenue, Tax Increment Financing Fund had a deficit balance of \$214,747 at June 30, 2020. The deficit balance was a result of an interfund loan from the Special Revenue, Local Option Sales Tax Fund for costs associated with an urban renewal project. The deficit will be eliminated with future tax increment financial collections.

NOTE 13 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Tax Abatements of Other Entities

Property tax revenues of the County were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
City of Manning	Urban renewal and economic development projects	\$ 4,996
City of Coon Rapids	Urban renewal and economic development projects	22,573
City of Templeton	Urban renewal and economic development projects	2,021
City of Halbur	Urban renewal and economic development projects	2,346
City of Carroll	Urban renewal and economic development projects	3,077

Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into contracts totaling approximately \$16,340,000, primarily for constructing a new jail and for bridge replacement and road paving to be completed during fiscal year 2021. As of June 30, 2020, the County has incurred \$9,574,368 on these projects. The projects will be financed with existing funds and debt proceeds.

Subsequent Events

The County has evaluated all subsequent events through June 25, 2021, the date the financial statements were available to be issued.

NOTE 15 - CARROLL COUNTY FINANCIAL INFORMATION INCLUDED IN THE  
ROLLING HILLS COMMUNITY SERVICES REGION

Rolling Hills Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa, includes the following member counties: Buena Vista, Calhoun, Carroll, Ida, Sac, Cherokee, Woodbury, and Crawford. The financial activity of Carroll County's Special Revenue, Mental Health Fund is included in the Rolling Hills Community Services Region for the year ended June 30, 2020 as follows:

Revenues:

Property and other county tax		\$	466,804
Intergovernmental revenues:			
Payments from regional fiscal agent	\$	28,492	
State tax credits		<u>37,709</u>	<u>66,201</u>
Total revenues			<u>533,005</u>

Expenditures:

General administration:			
Direct administration		26,198	
Distribution to regional fiscal agent		<u>624,840</u>	<u>651,038</u>
Total expenditures			<u>651,038</u>

Excess of expenditures over revenues	(	118,033)
Fund balance beginning of the year		<u>249,850</u>
Fund balance end of the year	\$	<u><u>131,817</u></u>



Carroll County  
Notes to Financial Statements  
June 30, 2020

NOTE 16 - ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, was implemented during fiscal year 2020. The new requirements change the definition of fiduciary activity and establish new financial reporting requirements for state and local governments which report fiduciary activity. Beginning net position for fiduciary funds was restated to retroactively report the change in net position, as follows:

	<u>Fiduciary Activities</u>
Net position June 30, 2019, as previously reported	\$       --
Change to implement GASBS No. 84	<u>1,433,992</u>
Net position July 1, 2019, as restated	<u><u>\$ 1,433,992</u></u>

\* \* \*

## REQUIRED SUPPLEMENTARY INFORMATION

Carroll County

Budgetary Comparison Schedule of Receipts, Disbursements and  
Changes in Balances - Budget and Actual (Cash Basis)  
All Governmental Funds  
Required Supplementary Information

Year ended June 30, 2020

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>	<u>Net</u>
Receipts:			
Property and other County tax	\$ 9,560,477	\$ --	\$ 9,560,477
Interest and penalty on property tax	11,280	--	11,280
Intergovernmental	6,034,188	55,368	5,978,820
Licenses and permits	42,914	--	42,914
Charges for service	1,801,827	--	1,801,827
Use of money and property	475,501	552	474,949
Miscellaneous	552,239	24,887	527,352
Total receipts	<u>18,478,426</u>	<u>80,807</u>	<u>18,397,619</u>
Disbursements:			
Public safety and legal services	4,281,673	--	4,281,673
Physical health and social services	984,652	--	984,652
Mental health	651,038	--	651,038
County environment and education	1,316,251	--	1,316,251
Roads and transportation	6,961,861	--	6,961,861
Governmental services to residents	693,756	99,241	594,515
Administration	2,377,286	--	2,377,286
Non-program	62,292	--	62,292
Debt service	757,225	--	757,225
Capital projects	3,142,246	--	3,142,246
Total disbursements	<u>21,228,280</u>	<u>99,241</u>	<u>21,129,039</u>
Excess (deficiency) of receipts over (under) disbursements	( 2,749,854)	( 18,434)	( 2,731,420)
Other financing sources, net	<u>11,846,760</u>	<u>--</u>	<u>11,846,760</u>
Change in fund balances	9,096,906	( 18,434)	9,115,340
Balance beginning of year	<u>8,089,812</u>	<u>162,112</u>	<u>7,927,700</u>
Balance end of year	<u>\$ 17,186,718</u>	<u>\$ 143,678</u>	<u>\$ 17,043,040</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Net Variance
\$ 9,306,010	\$ 9,306,010	\$ 254,467
15,000	15,000	( 3,720)
5,441,725	5,486,725	492,095
49,750	49,750	( 6,836)
1,876,220	1,876,220	( 74,393)
226,674	226,674	248,275
437,120	442,207	85,145
<u>17,352,499</u>	<u>17,402,586</u>	<u>995,033</u>
4,538,438	4,840,975	559,302
1,129,003	1,134,570	149,918
653,561	653,561	2,523
1,172,931	1,262,631	( 53,620)
6,622,350	7,072,350	110,489
699,263	758,887	164,372
2,203,289	13,254,537	10,877,251
55,000	47,700	( 14,592)
642,462	642,462	( 114,763)
928,500	966,915	( 2,175,331)
<u>18,644,797</u>	<u>30,634,588</u>	<u>9,505,549</u>
( 1,292,298)	( 13,232,002)	10,500,582
<u>1,800</u>	<u>11,836,667</u>	<u>10,093</u>
( 1,290,498)	( 1,395,335)	10,510,675
<u>6,184,420</u>	<u>6,184,420</u>	<u>1,743,280</u>
<u>\$ 4,893,922</u>	<u>\$ 4,789,085</u>	<u>\$ 12,253,955</u>

Carroll County

Budgetary Comparison Schedule -Budget to GAAP Reconciliation

Required Supplementary Information

Year ended June 30, 2020

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 18,478,426	\$ 26,276	\$ 18,504,702
Expenditures	<u>21,228,280</u>	<u>346,585</u>	<u>21,574,865</u>
Net	( 2,749,854)	( 320,309)	( 3,070,163)
Other financing sources, net	11,846,760	--	11,846,760
Beginning fund balances	<u>8,089,812</u>	<u>1,520,305</u>	<u>9,610,117</u>
Ending fund balances	<u>\$ 17,186,718</u>	<u>\$ 1,199,996</u>	<u>\$ 18,386,714</u>

See accompanying independent auditor's report.

## Carroll County

### Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2020

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund and Custodial Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$11,989,791. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the county environment and education, non-program, debt service and capital projects functions and disbursements in certain departments exceeded the amounts appropriated.

Carroll County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Six Years

Required Supplementary Information

	<u>2020</u>	<u>2019</u>
County's proportion of the net pension liability	0.053399%	0.053838%
County's proportionate share of the net pension liability	\$ 3,092,000	\$ 3,407,000
County's covered payroll	\$ 5,928,000	\$ 5,619,000
County's proportionate share of the net pension liability as a percentage of its covered payroll	52.16%	60.63%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%

Note: In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year. Amounts reported are rounded.

See accompanying independent auditor's report.

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.057296%	0.058641%	0.053890%	0.048499%
\$ 3,817,000	\$ 3,690,000	\$ 2,662,000	\$ 1,923,000
\$ 5,634,000	\$ 5,483,000	\$ 5,258,000	\$ 5,026,000
67.75%	67.30%	50.63%	38.26%
82.21%	81.82%	85.19%	87.61%



Carroll County  
Schedule of County Contributions  
Iowa Public Employees' Retirement System  
For the Last Ten Years

Required Supplementary Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 580,000	\$ 570,000	\$ 514,000	\$ 509,000
Contributions in relation to the statutorily required contribution	<u>( 580,000)</u>	<u>( 570,000)</u>	<u>( 514,000)</u>	<u>( 509,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered payroll	\$ 6,077,000	\$ 5,928,000	\$ 5,619,000	\$ 5,634,000
Contributions as a percentage of covered payroll	9.54%	9.62%	9.15%	9.03%

Note: Amounts reported are rounded.

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 502,000	\$ 487,000	\$ 464,000	\$ 421,000	\$ 394,000	\$ 339,000
<u>-( 502,000)</u>	<u>-( 487,000)</u>	<u>-( 464,000)</u>	<u>-( 421,000)</u>	<u>-( 394,000)</u>	<u>-( 339,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 5,483,000	\$ 5,258,000	\$ 5,026,000	\$ 4,627,000	\$ 4,574,000	\$ 4,408,000
9.16%	9.26%	9.23%	9.10%	8.61%	7.69%

Carroll County

Notes to Required Supplementary Information - Pension Liability

Year Ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

\* \* \*

See accompanying independent auditor's report.

## SUPPLEMENTARY INFORMATION

Carroll County  
Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue		
	Resource Enhancement & Protection	County Recorder's Records Management	Tax Increment Financing
Assets			
Cash, cash equivalents and pooled investments			
County Treasurer	\$ 9,063	\$ 27,669	\$ --
Conservation Foundation	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Due from other funds	--	1,100	--
Total assets	<u>\$ 9,063</u>	<u>\$ 28,769</u>	<u>\$ --</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Advances from other funds	\$ --	\$ --	\$ 214,747
Total liabilities	--	--	214,747
Deferred inflows of resources:			
Unavailable revenues:			
Other	--	--	--
Fund balances:			
Restricted for:			
Other purposes	9,063	28,769	--
Unassigned	--	--	( 214,747)
Total fund balances	<u>9,063</u>	<u>28,769</u>	<u>( 214,747)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,063</u>	<u>\$ 28,769</u>	<u>\$ --</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>		
<u>Conservation Foundation</u>	<u>Drainage Districts</u>	<u>Total</u>
\$ --	\$ 51,481	\$ 88,213
92,197	--	92,197
--	351	351
--	--	1,100
<u>\$ 92,197</u>	<u>\$ 51,832</u>	<u>\$ 181,861</u>
\$ --	\$ --	\$ 214,747
--	--	214,747
--	351	351
92,197	51,481	181,510
--	--	( 214,747)
<u>92,197</u>	<u>51,481</u>	<u>( 33,237)</u>
<u>\$ 92,197</u>	<u>\$ 51,832</u>	<u>\$ 181,861</u>

Carroll County  
Combining Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Nonmajor Governmental Funds

June 30, 2020

	Special Revenue		
	Resource Enhancement & Protection	County Recorder's Records Management	Tax Increment Financing
Revenues:			
Tax increment financing	\$ --	\$ --	\$ 143,280
Intergovernmental	12,345	--	1,435
Charges for service	--	3,984	--
Use of money and property	99	32	--
Miscellaneous	--	--	--
Total revenues	<u>12,444</u>	<u>4,016</u>	<u>144,715</u>
Expenditures:			
Operating:			
County environment and education	26,012	--	--
Debt service	<u>--</u>	<u>--</u>	<u>7,989</u>
Total expenditures	<u>26,012</u>	<u>--</u>	<u>7,989</u>
Change in fund balances	( 13,568)	4,016	136,726
Fund balances beginning of year	<u>22,631</u>	<u>24,753</u>	<u>( 351,473)</u>
Fund balances end of year	<u>\$ 9,063</u>	<u>\$ 28,769</u>	<u>\$ ( 214,747)</u>

See accompanying independent auditor's report.

<u>Special Revenue</u>		
<u>Conservation Foundation</u>	<u>Drainage Districts</u>	<u>Total</u>
\$ --	\$ --	\$ 143,280
--	55,368	69,148
--	--	3,984
552	--	683
<u>24,887</u>	<u>--</u>	<u>24,887</u>
<u>25,439</u>	<u>55,368</u>	<u>241,982</u>
23,628	70,874	120,514
--	--	7,989
<u>23,628</u>	<u>70,874</u>	<u>128,503</u>
1,811	( 15,506)	113,479
<u>90,386</u>	<u>66,987</u>	<u>( 146,716)</u>
<u>\$ 92,197</u>	<u>\$ 51,481</u>	<u>\$ ( 33,237)</u>



Carroll County  
Combining Schedule of Fiduciary Net Position  
Custodial Funds

June 30, 2020

	<u>County Offices</u>		<u>Agricultural Extension Education</u>
	<u>County Sheriff</u>	<u>County Recorder</u>	
<b>Assets</b>			
Cash, cash equivalents and pooled investments:			
County Treasurer	\$ --	\$ --	\$ 1,029
Other County officials	27,021	37,765	--
Receivables:			
Property tax:			
Delinquent	--	--	2,279
Succeeding year	--	--	251,000
Accounts	--	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
	<u>27,021</u>	<u>37,765</u>	<u>254,308</u>
Total assets			
	<u>27,021</u>	<u>37,765</u>	<u>254,308</u>
<b>Liabilities</b>			
Accounts payable	--	--	--
Salaries and benefits payable	--	--	--
Due to other funds	--	37,362	--
Due to other governments	4,132	403	3,308
Trusts payable	22,889	--	--
Compensated absences	--	--	--
	<u>27,021</u>	<u>37,765</u>	<u>3,308</u>
Total liabilities			
	<u>27,021</u>	<u>37,765</u>	<u>3,308</u>
Deferred Inflows of Resources			
Unavailable revenues	--	--	251,000
	<u>--</u>	<u>--</u>	<u>251,000</u>
Net Position			
Restricted for individuals, organizations and other governments	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(continued next page)

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>
\$ 766,208	\$ 59,246	\$ 3,980	\$ 56,345	\$ 661	\$ 986,953
--	--	--	--	--	--
3,793	131,648	8,937	109,558	2,186	--
421,000	14,285,000	971,000	8,594,000	324,000	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>1,191,001</u>	<u>14,475,894</u>	<u>983,917</u>	<u>8,759,903</u>	<u>326,847</u>	<u>986,953</u>
113	--	--	--	--	--
136	--	--	--	--	--
--	--	--	--	--	--
--	190,894	12,917	165,903	2,847	986,953
--	--	--	--	--	--
<u>5,799</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>6,048</u>	<u>190,894</u>	<u>12,917</u>	<u>165,903</u>	<u>2,847</u>	<u>986,953</u>
<u>421,000</u>	<u>14,285,000</u>	<u>971,000</u>	<u>\$8,594,000</u>	<u>324,000</u>	<u>--</u>
<u>\$ 763,953</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Carroll County  
Combining Schedule of Fiduciary Net Position - Continued  
Custodial Funds

June 30, 2020

	<u>E911 Service Commission</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>
<b>Assets</b>			
Cash and pooled investments:			
County Treasurer	\$ 344,067	\$ 28,077	\$ 771
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	2,577
Succeeding year	--	--	--
Accounts	16,419	--	--
Special assessments	--	--	11,255
Due from other funds	--	--	--
Due from other governments	<u>54,103</u>	<u>--</u>	<u>--</u>
Total assets	<u>414,589</u>	<u>28,077</u>	<u>14,603</u>
<b>Liabilities</b>			
Accounts payable	11,357	1,783	--
Salaries and benefits payable	--	1,919	--
Due to other funds	--	43	--
Due to other governments	--	--	--
Trusts payable	--	--	--
Compensated absences	<u>--</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>11,357</u>	<u>3,745</u>	<u>--</u>
Deferred Inflows of Resources			
Unavailable revenues	<u>--</u>	<u>--</u>	<u>--</u>
Net Position			
Restricted for individuals, organizations and other governments	<u>\$ 403,232</u>	<u>\$ 24,332</u>	<u>\$ 14,603</u>

(continued next page)

See accompanying independent auditor's report.

<u>Brucellosis and Tuberculosis Eradication</u>	<u>Tax Sale Redemption</u>	<u>Advance Tax</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Drain #23</u>	<u>Total</u>
\$ 16	\$ --	\$ 70,855	\$ 316	\$ 71,271	\$ 2,389,795
--	--	--	--	--	64,786
37	--	--	--	--	261,015
4,000	--	--	--	--	24,850,000
--	--	--	--	--	16,419
--	--	--	--	--	11,255
--	--	--	451	--	451
--	--	--	--	--	54,103
<u>4,053</u>	<u>--</u>	<u>70,855</u>	<u>767</u>	<u>71,271</u>	<u>27,647,824</u>
--	--	--	--	2,690	15,943
--	--	--	--	--	2,055
--	--	--	--	14	37,419
53	--	--	--	--	1,367,410
--	--	--	--	--	22,889
--	--	--	--	--	5,799
<u>53</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,704</u>	<u>1,451,515</u>
<u>4,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>24,850,000</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 70,855</u>	<u>\$ 767</u>	<u>\$ 68,567</u>	<u>\$ 1,346,309</u>

Carroll County  
Combining Schedule of Changes in Fiduciary Net Position  
Custodial Funds

Year ended June 30, 2020

	<u>County Offices</u>		<u>Agricultural Extension Education</u>
	<u>County Sheriff</u>	<u>County Recorder</u>	
Additions:			
Property and other county tax	\$ --	\$ --	\$ 252,142
E911 surcharge	--	--	--
State tax credits	--	--	19,236
Office fees and collections	112,815	411,613	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	--
Trusts	433,691	--	--
Miscellaneous	--	--	--
Total additions	<u>546,506</u>	<u>411,613</u>	<u>271,378</u>
Deductions:			
Agency remittances:			
To other funds	107,906	140,178	--
To other governments	--	271,435	271,378
Trusts paid out	438,600	--	--
Total deductions	<u>546,506</u>	<u>411,613</u>	<u>271,378</u>
Changes in net position	--	--	--
Net position beginning of year, as restated	<u>--</u>	<u>--</u>	<u>--</u>
Net position end of year	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

(continued next page)

<u>County Assessor</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>
\$ 421,720	\$ 14,324,458	\$ 973,481	\$ 8,417,012	\$ 325,687	\$ --
--	--	--	--	--	--
32,019	1,105,362	74,515	1,050,072	14,460	--
--	--	--	--	--	--
--	--	--	--	--	8,826,110
--	--	--	--	--	--
--	--	--	--	--	--
1,075	--	--	--	--	--
<u>454,814</u>	<u>15,429,820</u>	<u>1,047,996</u>	<u>9,467,084</u>	<u>340,147</u>	<u>8,826,110</u>
--	--	--	--	--	244,028
462,899	15,429,820	1,047,996	9,467,084	340,147	8,582,082
--	--	--	--	--	--
<u>462,899</u>	<u>15,429,820</u>	<u>1,047,996</u>	<u>9,467,084</u>	<u>340,147</u>	<u>8,826,110</u>
( 8,085)	--	--	--	--	--
<u>772,038</u>	--	--	--	--	--
<u>\$ 763,953</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

Carroll County  
Combining Schedule of Changes in Fiduciary Net Position - Continued  
Custodial Funds

Year ended June 30, 2020

	<u>E911 Service Commission</u>	<u>Emergency Management Services</u>	<u>City Special Assessments</u>
Additions:			
Property and other county tax	\$ --	\$ --	\$ --
E911 surcharge	275,110	--	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	14,594
Trusts	--	--	--
Miscellaneous	--	79,886	--
Total additions	<u>275,110</u>	<u>79,886</u>	<u>14,594</u>
Deductions:			
Agency remittances:			
To other funds	--	--	--
To other governments	318,416	100,719	120
Trusts paid out	--	--	--
Total deductions	<u>318,416</u>	<u>100,719</u>	<u>120</u>
Changes in net position	( 43,306)	( 20,833)	14,474
Net position beginning of year, as restated	<u>446,538</u>	<u>45,165</u>	<u>129</u>
Net position end of year	<u>\$ 403,232</u>	<u>\$ 24,332</u>	<u>\$ 14,603</u>

See accompanying independent auditor's report.

<u>Brucellosis and Tuberculosis Eradication</u>	<u>Tax Sale Redemption</u>	<u>Advance Tax</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Drain #23</u>	<u>Total</u>
\$ 3,877	\$ --	\$ 12,695	\$ --	\$ --	\$ 24,731,072
--	--	--	--	--	275,110
311	--	--	--	--	2,295,975
--	88,925	--	3,984	--	617,337
--	--	--	--	--	8,826,110
--	--	--	--	--	14,594
--	--	--	--	--	433,691
--	--	--	--	--	80,961
<u>4,188</u>	<u>88,925</u>	<u>12,695</u>	<u>3,984</u>	<u>--</u>	<u>37,274,850</u>
--	--	--	--	--	492,112
4,188	88,925	--	3,832	42,780	36,431,821
--	--	--	--	--	438,600
<u>4,188</u>	<u>88,925</u>	<u>--</u>	<u>3,832</u>	<u>42,780</u>	<u>37,362,533</u>
--	--	12,695	152	( 42,780)	( 87,683)
--	--	58,160	615	111,347	1,433,992
<u>\$ --</u>	<u>\$ --</u>	<u>\$ 70,855</u>	<u>\$ 767</u>	<u>\$ 68,567</u>	<u>\$ 1,346,309</u>



Carroll County

Schedule of Revenues by Source and Expenditures by Function -  
All Governmental Fund Types

For the Last Ten Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Revenues:</b>					
Property and other					
County tax	\$ 8,181,455	\$ 6,689,570	\$ 6,586,099	\$ 6,539,362	\$ 6,504,332
Local option sales tax	1,244,018	1,137,767	1,047,944	1,050,978	997,138
Interest and penalty on					
property tax	11,280	35,141	31,058	34,078	25,083
Tax increment financing	143,280	134,284	133,574	134,984	43,572
Intergovernmental	6,327,987	5,287,390	5,224,009	6,070,045	5,725,819
Licenses and permits	38,982	93,141	34,071	75,115	56,463
Charges for service	1,687,538	1,886,132	1,901,778	1,667,531	1,861,073
Use of money and					
property	329,169	277,597	197,347	205,433	211,263
Miscellaneous	<u>540,993</u>	<u>538,333</u>	<u>444,294</u>	<u>427,387</u>	<u>520,405</u>
Total	<u>\$ 18,504,702</u>	<u>\$ 16,079,355</u>	<u>\$ 15,600,174</u>	<u>\$ 16,204,913</u>	<u>\$ 15,945,148</u>
<b>Expenditures:</b>					
Operating:					
Public safety and					
legal services	\$ 4,222,783	\$ 3,980,126	\$ 3,723,918	\$ 3,582,051	\$ 3,590,421
Physical health and					
social services	996,377	1,051,101	1,015,456	1,048,616	1,121,709
Mental health	651,038	519,321	710,410	912,665	1,003,072
County environment					
and education	1,314,689	1,237,187	1,236,059	1,151,127	1,192,122
Roads and transportation	6,966,235	7,259,432	5,867,193	5,679,227	6,000,217
Governmental services					
to residents	692,393	635,630	592,290	521,945	507,629
Administration	2,237,758	1,926,766	1,759,581	1,652,469	1,540,685
Non-program	59,528	46,290	62,756	55,947	--
Debt service	620,499	--	80,961	60,583	50,583
Capital projects	<u>3,813,565</u>	<u>691,318</u>	<u>163,540</u>	<u>1,625,398</u>	<u>1,807,914</u>
Total	<u>\$ 21,574,865</u>	<u>\$ 17,347,171</u>	<u>\$ 15,212,164</u>	<u>\$ 16,290,028</u>	<u>\$ 16,814,352</u>

See accompanying independent auditor's report.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 6,239,703	\$ 5,870,310	\$ 6,078,653	\$ 6,069,392	\$ 6,640,519
1,092,056	1,055,930	955,398	994,372	1,043,680
28,032	22,003	29,747	24,187	28,684
--	--	31,711	34,014	35,999
4,957,337	4,886,510	4,246,548	5,660,948	6,973,234
55,213	44,451	44,326	86,892	104,508
1,801,281	1,634,638	1,784,399	1,648,902	1,529,771
225,710	231,421	213,871	278,273	243,609
<u>566,244</u>	<u>499,422</u>	<u>802,490</u>	<u>622,010</u>	<u>794,981</u>
<u>\$ 14,965,576</u>	<u>\$ 14,244,685</u>	<u>\$ 14,187,143</u>	<u>\$ 15,418,990</u>	<u>\$ 17,394,985</u>
\$ 3,569,328	\$ 3,344,865	\$ 3,119,880	\$ 2,907,030	\$ 2,856,102
1,193,588	1,075,949	1,017,939	1,099,826	1,137,806
1,392,640	964,464	943,930	2,740,975	2,249,772
1,097,888	1,704,753	1,032,380	1,203,695	1,076,566
4,825,381	4,986,582	4,330,395	4,801,195	4,818,013
484,554	552,602	558,483	448,130	418,624
1,524,872	1,583,014	1,489,117	1,489,098	1,352,842
--	--	--	9,108	865,220
40,000	--	--	--	78,602
<u>391,296</u>	<u>1,228,060</u>	<u>787,796</u>	<u>1,104,752</u>	<u>1,451,355</u>
<u>\$ 14,519,547</u>	<u>\$ 15,440,289</u>	<u>\$ 13,279,920</u>	<u>\$ 15,803,809</u>	<u>\$ 16,304,902</u>

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7TH STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

MARK D. KYHNN  
KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER

## Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Officials of Carroll County, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Carroll County, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 25, 2021.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carroll County's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Carroll County's internal control. Accordingly, we do not express an opinion on the effectiveness of Carroll County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the County's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 20-I-A to be a material weakness. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as items 20-I-B through 20-I-E to be significant deficiencies.

To the Officials of Carroll County, Iowa

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings and Responses.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### Carroll County's Responses to the Findings

Carroll County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Carroll County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*G. M. W. M., Ben, John & Co. P.C.*

Atlantic, Iowa  
June 25, 2021

Carroll County  
Schedule of Findings and Responses  
Year ended June 30, 2020

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

20-I-A Carroll County Ambulance Department

Criteria - An effective internal control system provides for internal controls related to reconciling ambulance service billings, collections, and receivables to ensure the accuracy of ambulance service collections and receivables. Also, effective internal control systems provide for written documentation of the independent approval of accounts receivable written off as uncollectible.

Condition - The Ambulance Department bills for services provided. The majority of collections for those services are remitted directly to the County Treasurer's Office. The County Treasurer's Office prepares a receipt for accounting and sends a copy of each receipt to the Ambulance Department. The Ambulance Department records each receipt in its computer system. During the year, the County Treasurer's Office attempted to reconcile the collections recorded in the Ambulance Department's accounts receivable system with the actual collections recorded by the County Treasurer in total each month, but unexplained variances existed.

In addition, written documentation of the independent approval of accounts receivable written off as uncollectible is not maintained. Also, accounts receivable balances and receipts from the collection agency are not reconciled by the Ambulance Department.

Cause - Policies have not been established and procedures have not been implemented to reconcile ambulance service billings, collections and receivables and require independent approval of write-offs.

Effect - This condition could result in unrecorded or misstated ambulance service revenues, improper or unauthorized adjustments and write-offs and misstated receivable balances.

Recommendation - A reconciliation of ambulance service billings, collections and receivables should be prepared monthly and compared to County Treasurer's records. Variances should be researched, and explanations of variances should be included for the reconciling items. An independent person should review the reconciliations and monitor receivables. The review should be documented by the signature or initials of the reviewer and the date of the review. The Ambulance Department should maintain written documentation of the independent approval of accounts receivable which are written off. Also, collection agency receipts should be recorded, and accounts receivable balances reconciled by the Ambulance Department.

Response - The Ambulance Department will work with the County Treasurer's Office to meet and correct all recommendations to the best of our ability.

Conclusion - Response accepted.

Carroll County  
Schedule of Findings and Responses  
Year ended June 30, 2020

Part I: Findings Related to the Financial Statements - Continued

20-I-B      County Sheriff

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition - Two employees collect cash, record deposits and reconcile daily cash receipts. There is no evidence of independent review of the bank reconciliations.

Cause - The Sheriff's Office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned function.

Recommendation - The Sheriff's Office should review its operating procedures to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response - We are hoping to hire another full-time office administrator to improve internal controls.

Conclusion - Response accepted.

20-I-C      County Recorder

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition - All three individuals in the Recorder's Office collect cash, prepare the deposit and prepare the monthly bank reconciliations.

Carroll County  
Schedule of Findings and Responses  
Year ended June 30, 2020

Part I: Findings Related to the Financial Statements - Continued

Cause - The Recorder's Office has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - The Recorder's office should review its operating procedures to obtain the maximum internal control possible under the circumstances. The Office should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Response - The Recorder's Office will continue to identify ways to segregate duties as best as possible with our limited number of employees.

Conclusion - Response accepted.

20-I-D

County Conservation

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the County's financial statements.

Condition - One individual in the Conservation Department opens mail, records receipts, prepares the deposit and prepares the monthly bank reconciliations.

Cause - The Conservation Department has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the County's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - The Conservation Department should review its operating procedures to obtain the maximum internal control possible under the circumstances and consider using other County employees or officials to provide additional control through review of financial transactions, reconciliations and reports.



Carroll County  
Schedule of Findings and Responses  
Year ended June 30, 2020

Part I: Findings Related to the Financial Statements - Continued

Response - While our office manager gets deposits ready, they are reviewed by the Director and the Director takes the deposits to the bank. This eliminates one person preparing the deposits and also taking them to the bank. With a small office staff, we feel this gives us oversight to make sure deposits are all accounted for.

Conclusion - Response acknowledged. The Department should continue to review control activities to obtain the maximum internal control possible.

20-I-E      Approval of Payroll

Criteria - An effective internal control system provides for internal controls related to preparation of timesheets by all employees. Timesheets support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days and provide an accurate record of hours worked. Supervisory review of timesheets can help ensure the accuracy of recorded hours worked and taken as leave.

Condition - Employees in the County Attorney's Office do not submit timesheets.

Procedures do not exist for properly documenting and controlling vacation, sick leave, and compensatory time. The County Auditor's Office tracks vacation, sick leave and compensatory time for each employee; however, some departments submit leave usage to the County Auditor's office only at year end. In addition, there is no evidence of an immediate supervisor's approval for leave time prior to taking leave.

Cause - Policies have not been established and procedures have not been implemented to require all employees and departments, including salaried employees, to prepare timesheets or to require timesheets and leave taken be reviewed and approved by supervisory personnel. The County has not established procedures for properly documenting and controlling leave time with the Auditor's Office.

Effect - The lack of a documented supervisory review process increases the probability staff errors in recording hours or leave will go undetected.

When an employee retires or otherwise leaves employment and claims a payout, the County needs support to provide assurance the claim is proper. Without maintaining detailed records, the County may not have the ability to support the claim. In addition, without detailed records, the County may not have the support necessary to ensure compliance with the Fair Labor Standards Act.

Carroll County  
Schedule of Findings and Responses  
Year ended June 30, 2020

Part I: Findings Related to the Financial Statements - Continued

Recommendation - Timesheets should be submitted to the County Auditor's office prior to the processing of payroll each pay period. Timesheets should be signed by the employee and supervisor prior to submission. Timesheets should support all hours worked and taken as vacation, sick leave, compensatory time, holiday hours and personal days. Also, leave time should be approved prior to taking leave.

The Board of Supervisors should adopt a policy which requires the submittal of timesheets to the County Auditor's Office for payroll processing along with support for vacation, sick leave, compensatory time, holiday hours, and personal days. This would help prevent and mitigate payroll errors and would ensure the County Auditor's Office has sufficient support to comply with the Fair Labor Standards Act for County employees.

Response - The Board will pass a policy regarding submittal of timesheets and leave reports to ensure compliance with the Fair Labor Standards Act.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Carroll County  
Schedule of Findings and Responses  
Year ended June 30, 2020

Part II: Other Findings Related to Required Statutory Reporting

20-II-A     Certified Budget: Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the county environment and education, non-program, debt service and capital projects functions and disbursements in certain departments exceeded the amounts appropriated.

Recommendation: The budget should have been amended in accordance with Chapter 331.435 of the Code of Iowa before disbursements were allowed to exceed the budget.

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department by increasing or decreasing the appropriation of another office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response: We will amend the budget when required and appropriations will be watched more closely by the departments.

Conclusion: Response accepted.

20-II-B     Questionable Expenditures: No expenditures were noted that meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

20-II-C     Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

Carroll County  
Schedule of Findings and Responses  
Year ended June 30, 2020

Part II: Other Findings Related to Required Statutory Reporting - Continued

20-II-D Business Transactions: Business transactions between the County and County officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
Louis Grote, Veterans Affairs Director, owner of LNC Computers	IT services	\$ 45,631
Jean Seidl, Treasurer's Office, wife of Mike Seidl, owner of Seidl Construction	Mowing/spraying	625
Katelynn Irlbeck, election employee, Mother of Kourtney Irlbeck, County Auditor	Precinct Election Worker	154

In accordance with Chapter 331.342(2)(c) of the Code of Iowa, the transactions with LNC Computers do not represent a conflict of interest since the services were competitively bid.

In accordance with Chapter 331.342(2)(j) of the Code of Iowa, the transactions with Seidl Construction and Katelynn Irlbeck do not appear to represent conflicts of interest since total transactions with each did not exceed \$1,500 during the fiscal year.

20-II-E Restricted Donor Activity: No transactions were noted between the County, County officials, County employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

20-II-F Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.

20-II-G Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

20-II-H Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.

20-II-I Resource Enhancement and Protection Certification: The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).

Carroll County  
Schedule of Findings and Responses  
Year ended June 30, 2020

Part II: Other Findings Related to Required Statutory Reporting - Continued

- 20-II-J     Urban Renewal Annual Report: The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- 20-II-K     Tax Increment Financing (TIF): No instances of non-compliance with the division of taxes in accordance with Chapter 403.19(6)(a)(1) of the Code of Iowa were noted.
- 20-II-L     Economic Development: During the year ended June 30, 2020, the County paid \$75,500 to the Carroll Area Development Corporation. The County Board of Supervisors has documented the public benefits received from this expenditure, however, it is disclosed here for public information.

According to Chapter 15A of the Code of Iowa and an Attorney General's opinion dated August 28, 1986, government financing of economic development may, in appropriate circumstances, serve a public purpose. The opinion advises the governing body to evaluate the public benefits to be obtained and discusses the specific criteria to be considered in documenting public purpose.

Recommendation: The Board should continue to evaluate and document the public purpose served by these expenditures before authorizing further payments.

Response: We will continue to evaluate and document the public purpose in the future.

Conclusion: Response accepted.

- 20-II-M     Financial Condition: The Debt Service Fund and the Special Revenue, Tax Increment Financing Fund had deficit fund balances of \$6,369 and \$214,747, respectively at June 30, 2020.

Recommendation: The County should investigate alternatives to eliminate the deficit fund balances to return the funds to a sound financial position.

Response: The deficit balances will be reduced in fiscal year 2021 with debt service collections and tax increment financing collections from the County urban renewal area.

Conclusion: Response accepted.

Carroll County  
Schedule of Findings and Responses  
Year ended June 30, 2020

Part II: Other Findings Related to Required Statutory Reporting - Continued

20-II-N     Holiday Payroll: E-911 employees pay was understated for time worked over a holiday. Per the County's employee handbook, employees are to be paid 1.5x for actual hours worked on holidays, in addition to their normal pay (effective January 1, 2019). Testing showed employees were only getting paid 1x their normal salary.

Recommendation: The County should investigate all misstated pay for days worked on a holiday after January 1, 2019 to properly pay out and record the correct amount of payroll expenditures.

Response: The Auditor's Office will correct the pay for E-911 employees and pay out the understated payroll in the next fiscal year.

Conclusion: Response accepted.

20-II-O     Assessor Budget: Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the County Assessor office.

Recommendation: The budget should have been amended in accordance with Chapter 441.16 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response: We will amend the budget when required.

Conclusion: Response accepted.

\* \* \*